



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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1201 Pennsylvania Avenue, NW
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JUN 30 2016

RE: MUR 6848
Angelo Tsakopoulos

Dear Mr. Lenhard and Ms. Smith:

On July 2, 2014, the Federal Election Commission (the "Commission") notified your client, Angelo Tsakopoulos, of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information provided by you on behalf of your client, the Commission, on June 17, 2016, found that there is reason to believe Mr. Tsakopoulos violated 52 U.S.C. § 30116(a)(1)(A). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. *See* 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

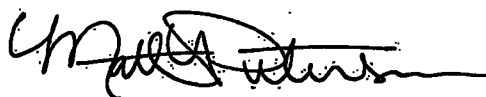
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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

This matter will remain confidential in accordance with 52 U.S.C. §§ 30109(a)(4)(B) and 30109(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public. Please be advised that, although the Commission cannot disclose information regarding an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.¹

If you have any questions, please contact Ana Peña-Wallace, the attorney assigned to this matter, at (202) 694-1650.

On behalf of the Commission,



Matthew S. Petersen
Chairman

Enclosure
Factual and Legal Analysis

¹ The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).

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1 **FEDERAL ELECTION COMMISSION**

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3 **FACTUAL AND LEGAL ANALYSIS**

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5 **RESPONDENT:** Angelo Tsakopoulos

MUR 6848

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8 **I. INTRODUCTION**

9 This matter was generated by a Complaint filed with the Federal Election Commission
10 (the "Commission") alleging violations of the Federal Election Campaign Act of 1971, as
11 amended, (the "Act")¹ by Angelo Tsakopoulos concerning contributions made to House
12 candidate George Demos. The Complaint alleges that Demos had insufficient personal assets to
13 fund \$2 million in loans that he reported making to his campaign committee, Friends of George
14 Demos (the "Committee"), during the 2014 election cycle. It further alleges that Demos
15 obtained the funds for the loans from Tsakopoulos, who is his father-in-law. The Complaint
16 relies significantly on a December 2013 meeting between the Complainant and Demos during
17 which Demos purportedly acknowledged receiving the contribution from Tsakopoulos. The
18 Complaint also alleges that the funds may have come from Tsakopoulos's business, AKT
19 Development Corporation ("AKT"). The Respondent denies the allegations.

20 Based on the record before the Commission, it appears that the money Demos used to
21 fund the loans to his Committee may not have come from his personal funds, but instead may
22 have been provided by Tsakopoulos. Thus, the Commission finds reason to believe that
23 Tsakopoulos made excessive contributions to the Demos campaign, in violation of 52 U.S.C.
24 § 30116(a)(1)(A) (formerly 2 U.S.C. § 441a(a)(1)(A)).

¹ On September 1, 2014, the Act was transferred from Title 2 to new Title 52 of the United States Code.

II. FACTUAL AND LEGAL ANALYSIS

A. Factual Background

George Demos was a candidate for the U.S. House of Representatives in the 2014 Republican primary election for New York's 1st Congressional District. The Commission received his Statement of Candidacy on September 26, 2013. He lost the June 24, 2014 primary election.² Demos also ran for the same House seat in 2010 and 2012.³ From 2002 through 2009, Demos worked as an Enforcement Attorney for the Securities and Exchange Commission ("SEC").⁴

Demos filed Financial Disclosure Statements with the Office of the Clerk of the U.S. House of Representatives ("Financial Statements") for both the 2012 and 2014 elections. In 2012, prior to his marriage to Chrysanthi Tsakopoulos, Demos's largest reported asset was valued between \$100,001 and \$250,000, and he valued each of his other assets at \$50,000 or less.⁵ The Financial Statements he filed for the 2014 election list two bank accounts, held jointly with his wife, each valued between \$1,000,001 and \$5,000,000.⁶ The statements indicate that the remaining high-value assets listed belonged to his wife individually.⁷ Demos listed no

² See NYS Board of Elections Representative in Congress Election Returns June 24, 2014, <http://www.elections.ny.gov/NYSBOE/elections/2014/Primary/2014FederalPrimaryResults.pdf>.

³ See George Demos, Statement of Candidacy (Oct. 13, 2009), <http://docquery.fec.gov/pdf/288/29030171288/29030171288.pdf>; George Demos, Statement of Candidacy (Aug. 8, 2011), <http://docquery.fec.gov/pdf/802/11030651802/11030651802.pdf>.

⁴ See *Meet George Demos: A Biography*, GEORGE DEMOS FOR CONGRESS WEBSITE, http://www.georgedemosforcongress.com/refresh/templates/meet_george.php?id=5.

⁵ George Demos, 2012 Financial Disclosure Statement, http://clerk.house.gov/public_disc/financial-pdfs/2012/8209315.pdf.

⁶ George Demos, 2013 Financial Disclosure Statement, http://clerk.house.gov/public_disc/financial-pdfs/2013/8213601.pdf; George Demos, 2014 Financial Disclosure Statement, http://clerk.house.gov/public_disc/financial-pdfs/2014/8216007.pdf.

⁷ *Id.*

1 employment or earned income for himself on the Financial Statements he filed for either the
2 2012 or 2014 election cycles.⁸

3 The Committee disclosed four candidate loans during the 2014 election cycle: a
4 \$1,000,000 loan made on September 27, 2013, a \$1,000,000 loan made on December 30, 2013,
5 and two \$250,000 loans made on June 23, 2014, the day before the primary. The Committee
6 disclosed the loans on its 2013 October Quarterly, 2013 Year-End, and 2014 July Quarterly
7 reports, respectively.⁹

8 At issue is the source of the funds Demos loaned to the Committee.¹⁰ The Complaint
9 alleges that Tsakopoulos and his company, AKT, were the true sources of the loans to the
10 Committee and consequently, Demos and the Committee received excessive contributions from
11 Tsakopoulos and possibly a prohibited corporate contribution from AKT.¹¹

12 Tsakopoulos is a real estate developer in California and frequent contributor to political
13 campaigns.¹² According to the Commission's records, Tsakopoulos has contributed \$489,283 to
14 federal political committees, made \$40,150 in joint fundraising contributions, and provided

⁸ The Financial Statements that Demos filed in December 2013 and July 2014 list income for his spouse in the amounts of \$24,000 and \$11,500, respectively. The income is shown as salary from AKT. *See* George Demos, 2013 Financial Disclosure Statement, http://clerk.house.gov/public_disc/financial-pdfs/2013/8213601.pdf; George Demos, 2014 Financial Disclosure Statement, http://clerk.house.gov/public_disc/financial-pdfs/2014/8216007.pdf.

⁹ *See* Committee, 2013 October Quarterly Report, <http://docquery.fec.gov/pdf/633/13941680633/13941680633.pdf#navpanes=0>; Committee, 2013 Year-End Report, <http://docquery.fec.gov/pdf/246/14960886246/14960886246.pdf#navpanes=0>; Committee, 2014 July Quarterly Report, <http://docquery.fec.gov/pdf/602/14952617602/14952617602.pdf#navpanes=0>.

¹⁰ The Complaint only questions the two \$1 million loans, presumably because Demos made the two \$250,000 loans after the Complaint's filing.

¹¹ Compl. at 1-2.

¹² *See id.*

1 \$1,564,800 in non-federal receipts "exempt from limits" (*i.e.*, soft money).¹³ He is also the
2 registered agent for AKT, a California corporation.¹⁴

3 The Complaint primarily relies on a description of a meeting between the Complainant
4 and Demos that took place on December 14, 2013, during which Demos allegedly stated that
5 (1) he was "bringing a substantial sum of money to his campaign through his father-in-law;"
6 (2) Tsakopoulos "had committed to give him a total of \$2,000,000 to wage a primary election for
7 the Congressional seat and that he would show that money in his FEC report;" and (3) his father
8 in-law would give additional money for the general election.¹⁵ The Complainant, who is the
9 Chairman of the Brookhaven Town Republican Committee, states that he attended the meeting
10 along with Betty Manzella, his Vice Chair, and he personally heard Demos make these
11 statements.¹⁶ The Complaint also relies on Demos's purported lack of income; it alleges that
12 Demos was unemployed when he became a candidate, and his last full-time employment was as
13 an attorney for the SEC in 2009.¹⁷ The Complaint also cites to a number of news articles
14 reporting that Demos's father-in-law was the actual source of the \$2,000,000.¹⁸ One of those

¹³ See FEC, Individual Contributor Search Form, <http://www.fec.gov/finance/disclosure/norindsea.shtml>. An additional \$7,000 in contributions to political committees also appears in the Commission database under an alternate spelling of his last name.

¹⁴ See *Business Entity Detail: AKT Development Corporation*, CALIFORNIA SECRETARY OF STATE, <http://kepler.sos.ca.gov/>. The Complaint implies AKT was involved because Demos mailed the Committee's Statement of Organization from AKT's business offices in California. See Compl. at 1; Committee Statement of Organization, <http://docquery.fec.gov/pdf/504/13031120504/13031120504.pdf> (showing return address on UPS mailing envelope to be the same as AKT's offices).

¹⁵ Compl. at 2.

¹⁶ *Id.*

¹⁷ *Id.* at 1.

¹⁸ *Id.* at 2 and Attach.

1 articles quotes Demos as stating that the money was his: “[m]y wife and I have assets, my
2 campaign is funded with our own money.”¹⁹

3 In his Response, Tsakopoulos denies the allegations, indicating that the Complaint was
4 not based on personal knowledge.²⁰ Tsakopoulos also submitted a declaration stating that he
5 contributed \$2,600 to the Committee for both the primary and general elections and denying that
6 he gave additional funds to Demos’s campaign.²¹ The declaration states that “I made no
7 additional contributions to Friends of George Demos, nor did I make a gift, loan or donation to
8 George Demos personally for the purpose of supporting the Demos campaign.”²² Neither the
9 Response nor the declaration state whether Tsakopoulos gave his daughter money during the
10 campaign period.

11 B. Legal Analysis

12 In 2014, the Act prohibited persons from making contributions to any candidate and his
13 or her authorized political committee with respect to any election for federal office which, in the
14 aggregate, exceeded \$2,600.²³ The term “contribution” includes “any gift, subscription, loan,
15 advance, or deposit of money or anything of value made by any person for the purpose of
16 influencing any election for Federal office.”²⁴ Corporations are prohibited from making a
17 contribution in connection with any federal election.²⁵

¹⁹ *Id.* at Attach.

²⁰ Resp. at 2.

²¹ Tsakopoulos Decl. ¶¶ 2-3.

²² *Id.* ¶ 3.

²³ 52 U.S.C. § 30116(a)(1)(A); see 11 C.F.R. §§ 110.1(b)(1)(i), 110.17(b).

²⁴ *Id.* § 30101(8)(A)(i).

²⁵ *Id.* § 30118 (formerly 2 U.S.C. § 441b(a)).

1 All contributions made by persons other than political committees must be reported in
2 accordance with 52 U.S.C. § 30104(b)(2)(A) (formerly 2 U.S.C. § 434(b)(2)(A)). Political
3 committees must report the identification of each person who makes a contribution or
4 contributions with an aggregate value in excess of \$200 during the reporting period, together
5 with the date and amount.²⁶

6 Federal candidates may make unlimited contributions from their "personal funds" to their
7 campaigns.²⁷ "Personal funds" of a candidate means the sum of all of the following: (a) assets;
8 (b) income; and (c) jointly owned assets.²⁸ A candidate's assets are amounts derived from any
9 asset that, under applicable state law, at the time the individual became a candidate, the candidate
10 had legal right of access to or control over, and with respect to which the candidate had legal and
11 rightful title or an equitable interest.²⁹ A candidate's jointly owned assets are amounts derived
12 from a portion of assets that are owned jointly by the candidate and the candidate's spouse as
13 follows: the portion of assets that is equal to the candidate's share of the asset under the
14 instrument of ownership or conveyance; or if no specific share is indicated by an instrument of
15 ownership or conveyance, the value of one-half of the property.³⁰

²⁶ *Id.* § 30104(b)(3)(A) (formerly 2 U.S.C. § 434(b)(3)(A)).

²⁷ 11 C.F.R. § 110.10.

²⁸ *Id.* § 100.33. A candidate's income consists of income received during the current election cycle, of the candidate, including: salary and other earned income that the candidate earns from bona fide employment; income from the candidate's stocks or other investments including interest, dividends, or proceeds from the sale or liquidation of such stocks or investments; bequests to the candidate; income from trusts established before the beginning of the election cycle; income from trusts established by bequest after the beginning of the election cycle of which the candidate is the beneficiary; gifts of a personal nature that had been customarily received by the candidate prior to the beginning of the election cycle; and proceeds from lotteries and similar games of chance. *Id.* § 100.33(b).

²⁹ *Id.* § 100.33(a).

³⁰ *Id.* § 100.33(c).

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1 Although federal candidates may contribute unlimited personal funds to their campaigns,
2 their family members are subject to the Act's contribution limits.³¹ The Commission has
3 enforced the contribution limit against family members who made excessive contributions to the
4 candidate's campaign in the form of asset transfers to the candidate.³²

5 The facts in the sworn Complaint support finding reason to believe that the money
6 Demos loaned his Committee did not come from his personal funds, but rather were excessive
7 contributions by Tsakopoulos. Complainant gives a specific account, under penalty of perjury,
8 of a meeting he personally attended at which Demos purportedly acknowledged that his father-
9 in-law was providing him with \$2 million for his campaign.³³ If this account is true, then it
10 would appear that the funds Demos loaned to his campaign did not qualify as his personal funds
11 under 11 C.F.R. § 100.33 because the funds were not gifts from Tsakopoulos customarily given.
12 Instead, it appears that the funds were excessive contributions to Demos to be used in his
13 campaign. Demos's response challenges Complainant's recollection of the December 2013
14 meeting, but does not present an alternate version of events.

15 Further, the sworn declaration submitted by Tsakopoulos generally denying that
16 Tsakopoulos gave Demos or the Committee more than \$5,200 is not dispositive. Tsakopoulos
17 stated that he did not make a "gift, loan, or donation to *George Demos personally* for the purpose

³¹ The United States Supreme Court has upheld the constitutionality of the Act's contribution limits as applied to members of a candidate's family. See *Buckley v. Valeo*, 424 U.S. 1, 53 n.59 ("Although the risk of improper influence is somewhat diminished in the case of large contributions from immediate family members, we cannot say that the danger is sufficiently reduced to bar Congress from subjecting family members to the same limitations as nonfamily members.").

³² See, e.g., MUR 6417 (Huffman) (finding reason to believe a candidate and his spouse violated 52 U.S.C. § 30116(a) and (f) by transferring \$900,000 from the spouse's separately-held trust account to the couple's joint account to be loaned to the candidate's campaign and transferring \$400,000 from the spouse's separately-held trust account directly to the candidate's campaign); MUR 5334 (O'Grady) (finding reason to believe a candidate and her spouse violated 52 U.S.C. § 30116(a) and (f) by making and accepting a \$25,000 loan from the spouse's separate business account).

³³ Compl. at 2.

1 of supporting the Demos campaign.”³⁴ This declaration, however, does not rule out another
2 possible scenario: that Tsakopoulos gave his daughter money to be used for her husband’s
3 campaign. Similarly, Demos’s general statements quoted in the media that the money belonged
4 either to him, or to him and his wife, do not persuasively rebut the Complaint’s allegations.³⁵
5 And we do not have any information concerning any pattern of gift-giving at this stage.³⁶

6 Demos’s Financial Disclosure Statements for the 2014 election cycle also do not resolve
7 the material issues. The statements disclose no employment or earned income for Demos. They
8 do show two joint bank accounts from which Demos could have funded the loans. Each account
9 had a value between \$1,000,001 and \$5,000,000, of which Demos’s portion could have been
10 sufficient to fund the \$2.5 million in loans that he made to his campaign.³⁷ However, the
11 Complainant has sworn under penalty of perjury that Demos told him Tsakopoulos would give
12 him at least \$2 million to fund his campaign. The remaining significant assets disclosed on
13 Demos’s financial disclosure statements appear to be stocks and investments his wife owned
14 individually.

15 In summary, the Complainant’s sworn statement that Demos told him that Demos would
16 receive \$2 million through his father-in-law for his campaign and the careful wording of

³⁴ Demos Decl. ¶ 6; Tsakopoulos Decl. ¶ 3 (emphasis added).

³⁵ See Compl., Attach. The Commission has found no reason to believe concerning allegations that a candidate lacked sufficient personal funds to make loans to his or her campaign committee where there was information, such as in the form of affidavits or financial documentation, demonstrating that the candidate had access to sufficient personal funds to make the loans at issue. See e.g., MUR 6523 (Wilford R. Cardon, *et al.*), MUR 6412 (Blumenthal for Senate), MUR 6388 (Mattie Fein for Congress), MUR 6341 (Adams for Congress).

³⁶ In cases involving gifts from family members, the Commission has examined whether the money was given as part of an established pattern of gift-giving, or whether the gift was made for the purpose of influencing an election. See, e.g., MUR 6417 (Jim Huffman for Senate), MUR 5724 (Jim Feldkamp for Congress), and MUR 5571 (Tananoka for Congress). Here, there is no available information at this stage to determine whether Tsakopoulos gave his daughter any gifts during the 2014 election cycle or whether there was an established pattern of gift-giving between Tsakopoulos and his daughter.

³⁷ 11 C.F.R. § 100.33(c).

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Respondent's sworn declaration support a reason-to-believe finding that the money Demos loaned his campaign may not have come from his personal funds, but instead were funds that he received from his father-in-law, Angelo Tsakopoulos.

Accordingly, the Commission finds reason to believe that Angelo Tsakopoulos violated 52 U.S.C. § 30116(a)(1)(A) (formerly 2 U.S.C. § 441a(a)(1)(A)).

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